IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
SERTA SIMMONS BEDDING, LLC, et al.,	Case No. 23-90020 (DRJ)
Debtors.	(Jointly Administered)
SERTA SIMMONS BEDDING, LLC, et al.,	
Plaintiffs and Counterclaim Defendants,	Adversary Proc. No. 23-09001 (DRJ)
v.	
AG CENTRE STREET PARTNERSHIP L.P., et al.,	
Defendants, Counterclaim Plaintiffs and Third-Party Plaintiffs,	
v.	
AGF FLOATING RATE INCOME FUND, et al., Third-Party Defendants.	

DECLARATION OF RYAN MOLLETT

Pursuant to 28 U.S.C. § 1746, RYAN MOLLETT declares as follows:

1. I am Global Head of Distressed & Corporate Special Situations, at Angelo Gordon. I joined Angelo Gordon in 2019.

2. I submit this declaration in support of the Excluded Lenders' Memorandum of Law in Opposition to Plaintiffs' Motions for Partial Summary Judgment.

I. Angelo Gordon's Holdings of Serta Debt

3. Angelo Gordon first purchased Serta First Lien Term Loans in May 15, 2019.

4. As of June 8, 2020, Angelo Gordon held Serta First Lien Term Loans with a face amount of [redacted] and Serta Second Lien Term Loans with a face amount of [redacted].[1]

II. Initial Negotiations with Serta

5. In October and November 2019, Angelo Gordon began assessing potential options that Serta might have to raise additional funds or otherwise enter into capital structure transactions with its lenders under the terms of its Serta First Lien Term Loans. In support of these efforts, Angelo Gordon engaged counsel and financial advisors from PJT Partners, Inc.

6. I subsequently reached out to Ken Prince of Advent International Corp. to discuss transaction possibilities, without providing a particular proposal for the structure of any such transaction.

7. In October 2019 and again in December 2019 I and certain other representatives of Angelo Gordon met with Ken Prince to discuss Angelo Gordon's willingness to provide additional capital to Serta and to other transactions that Angelo Gordon might consider entering into with Serta. Ken Prince did not substantively respond to Angelo Gordon's suggestions and no negotiations occurred at those meetings. Following this meeting, Angelo Gordon continued to assess potential transaction options for its Serta First Lien Term Loans.

8. Due to the lack of perceived interest from Advent in subsequent attempts to continue discussions, after learning that Serta had engaged Evercore as financial advisor to consider capital structure transactions, I suggested that representatives from PJT reach out to representatives from Evercore to raise the possibility of potential transaction options for Angelo Gordon's Serta First Lien Term Loans.

[1] On a trade date basis.

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9. On March 4, 2020, I emailed Ken Prince a presentation regarding a proposed transaction whereby Angelo Gordon (or an ad hoc group of Serta lenders) would put $200 million of new money into an unrestricted subsidiary of Serta, which would be used to purchase an equivalent amount of Serta First Lien and Second Lien Term Loans from Angelo Gordon and other lenders. This transaction would have used existing basket capacity under Serta's 2016 Credit Agreement, and would not have required any amendments to Serta's 2016 Credit Agreement.

10. Representatives from Angelo Gordon and its advisors discussed this proposal with representatives Serta's advisors over the course of March 2020. During these discussions, it became apparent that this transaction would benefit from having additional existing Serta lenders participate. Accordingly, in late March 2020, representatives from Apollo and Gamut were invited to participate in these negotiations.

III. Negotiations with Serta, Apollo, and Gamut

11. In April and May 2020, Angelo Gordon, Apollo, and Gamut, jointly negotiated a proposed transaction with Advent and Serta. In these negotiations, Angelo Gordon, Apollo, and Gamut were represented by PJT, and counsel from Paul, Weiss, Rifkind, Wharton & Garrison LLP. In these negotiations, Serta was represented by its financial advisor, Evercore, and its counsel from Weil, Gotshal & Manges LLP. Through these negotiations, the parties explored possible transaction structures whereby Angelo Gordon, Apollo, and Gamut would provide additional new money loans and exchange their First Lien Term Loans, so as to reduce Serta's indebtedness and interest expense and enhance its liquidity.

12. These negotiations led to the creation of draft term sheets for a potential transaction, which were negotiated over a period from approximately May 3, 2020, through June 3, 2020.

13. To the best of my knowledge, at no point during these negotiations did Serta suggest that this transaction would not be permitted under Serta's 2016 Credit Agreement or that it would require any amendment to Serta's 2016 Credit Agreement.

14. On June 5, 2020, Serta abruptly ended the parties' negotiations, and the transaction that was being discussed was never completed.

IV. Outreach from Evercore

15. On or about June 5, 2020, I received a call from Ken Prince and a representative of Evercore and was told that Serta was going to enter into the transaction that is the subject of this litigation. I was asked if Angelo Gordon would be interested in continuing to discuss a transaction with Serta, though specifics about what that transaction would entail were not discussed. It was expressly communicated to me that Angelo Gordon, and only Angelo Gordon, was receiving this invitation—*i.e.*, that Apollo and Gamut were being excluded. Angelo Gordon declined this offer.

V. Effect on Prices of Serta's Debt

16. By March 2020, when the COVID-19 pandemic reached the United States, according to information available to Angelo Gordon, Serta's First Lien Term Loans were trading in the secondary market at less than 50 cents on the dollar, and its Second Lien Term Loans at less than 30 cents. Prior to the June 8, 2020, announcement of the transaction that is the subject of this adversary proceeding, Serta's First Lien Term Loans were trading at or around 43 cents on the dollar, and Serta's Second Lien Term Loans were trading at or around 8 cents on the dollar. Within a week after the transaction was consummated, the First Lien Term Loans held by lenders who did not participate in the transaction were trading at approximately 31 cents on the dollar.

VI. Envision Transaction

17. I understand that the preferred lenders have asserted in their brief in support of summary judgment that Angelo Gordon was involved in a 2022 purportedly open market purchase of creditors' holdings of Envision Healthcare debt, by which Angelo Gordon allegedly "stepped ahead of everyone else in the repayment waterfall." *See* Lender Plaintiffs' Motion for Summary Judgment (ECF No. 73) at ¶¶ 49–51.

18. That allegation is categorically untrue. Angelo Gordon did engage in a 2022 transaction with a subsidiary of Envision Healthcare called Amsurg, LLC ("Amsurg") through which it provided new money financing to Amsurg. Angelo Gordon did not exchange Envision loans for the second lien loans at Amsurg referenced in the preferred lenders motion nor did Angelo Gordon participate in the "uptier transaction" conducted at Envision that followed the Amsurg transaction.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 16, 2023
New York, New York

Ryan Mollett

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